



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



**TODAY, YOU REMEMBER YOUR GREAT TEACHERS** & great bosses who were tough, fair, demanding, with high expectations, for whom you gladly worked hard. In a 30+ year corporate career, all in one organization, I had some great bosses & some terrible bosses. But I learned something from all of them, *even if it was what not to do!* I used what I had learned as I led thousands & thousands of people over the years. When I left, a lady who worked in the mailroom that whole time, said to me, *"What I always admired about you Tom, is that you treated me with the exact same respect that you gave the chairman."* My response? *"I learned that from Janice!"*

**JANICE:** Janice had been at the bank for more than 20 years when I started as a green operations analyst fresh out of college. She ran operations, 1K or more people across 3 shifts. We could not have been more different: age, background, education, gender, race, experience. Janice was in the office early every day to be there for 3<sup>rd</sup> shift & stayed late to work with 2<sup>nd</sup> shift. She knew every employee's name, if there was an illness or death in their family, a struggle with a child or other family member, financial difficulties, etc. In a time when automation was just beginning, she helped each employee transition from manual to automated work, holding them to performance standards but making sure they were well-trained & suited for the role. She treated every employee, every person, good or poor performer, clerk or EVP, with the same exact respect. She was not easy on her employees, but she was fair & kind. Every day on the way into work I would stop in her office & again at night on the way out. I mostly remember the evening talks; we would talk operations & management issues but also about other aspects of life. She worked hard on efforts important to her, served on many civic boards & rallied all the young analysts for charity walks & bowl-a-thons! I never worked directly for her, but I learned so much from her about how to deal with people & situations. Eventually, the areas she was managing reported up to me, yet I continued to learn from her. If I had any success in my years as a leader, it was because of Janice. But I wasn't special to Janice, *every human soul was special to her.* There are few people I hold with the same esteem as I do Janice. She passed on several years ago, but her civility, graciousness & integrity live on in the many people who were impacted by her character & common decency. Ray Bradbury said, *"It doesn't matter what you do...so long as you change something from the way it was before you touched it into something that's like you after you take your hands away."*

**INDUSTRY NEWS:** Skyview Capital led a \$25M round in Kitu Life's Super Coffee. Uber, financially hurt by the recent lack of travelers, acquired Postmates for \$2.65B, the largest 2020 deal between two USA food delivery companies. Sonoma Brands will buy Chef's Cut jerky for an undisclosed amount. Perfect Day, animal-free dairy producer, raised another \$160M led by Canada Pension Plan Investment Board. AgTech crop analytics startup Growers Edge raised \$40M co-led by S2G Ventures, Skyline Global Partners, Bunge & Cox Enterprises. Sun Genomics, DTC custom probiotics & gut health company, raised \$8.65M led by Pangaea Ventures with Danone Manifesto Ventures, SOSV, Human Longevity & Nascita Ventures involved. Nestlé is selling Canadian Pure Life bottled water to Ice River Springs for an undisclosed sum.

McCormick's 2<sup>nd</sup> QTR sales rose 8% & net income rose 31.5%, driven by home cooking & the company will move to a 24-hour operation to restock inventories. Pantry loading drove 4<sup>th</sup> QTR Conagra sales up 25.8%,

as eCommerce sales rose 90%, with a 57.7% increase in net income. *General Mills* had across segment growth as 4<sup>th</sup> QTR sales rose 21% & earnings rose 8.5%. *Sodexo* had a 31.2% drop in 3<sup>rd</sup> QTR revenue.

*Albertsons* was named *Supermarket News*' retailer of the year. *Walgreens* will invest \$1B to build out primary care clinics. *Wegmans* will close its 12 in-store *Pub* restaurant locations. *Publix Pharmacy* is filling prescriptions for pet medications. *Bashas' Family Stores* will use artificial intelligence technology from *Hypersonix* to help run its retail business. *7-Eleven* will pilot contactless payments for fuel purchases. *UNFI* has signed a long-term supply agreement with *NCG* to be the primary distributor to *NCG*-affiliated retail food co-ops. According to the University of North Carolina Kenan-Flagler Business School, *Lidl* has pulled down grocery prices as much as 15% on Long Island. *Amazon* will put \$500M toward employee bonuses. *Amazon* also has plans for additional *Amazon Go* stores, per *Grocery Dive*. *Stop & Shop* will add 50 new pick-up locations. *Uber* will begin USA grocery delivery. *Fresh Thyme* will offer same-day delivery with *Shipt*. *Rouses* will partner with *Deuce Drone* on a drone delivery pilot. Foodservice provider *Bon Appetite* will open *Plum Market Kitchen* on the Case Western Reserve University campus, offering local & organic foods. *Brew Dr. Kombucha* will introduce *Tranquil*, with 25 mg of CBD. *Habit Grill* will offer *Impossible Burger*. *Purple Carrot*, plant-based meal-kits, has launched single-serve meals at *Whole Foods*. *Good Catch* will introduce alt-fish frozen burgers & cakes. *Stieffel* analysts expect *Monster* to launch an alcoholic seltzer that could capture more than 3% of the market & create \$76M in revenue. The *Consumer Brands Association (CBA)* has brought together 23 CPG companies & retailers to study contactless pickup & delivery protocol for efficiency & improved safety. Irwin Simon, former *Hain Celestial* CEO, is the new Executive Chairman of *Whole Earth Brands*, a merger of two sweetener companies, *Merisant* & *Mafco*. *Nestlé*, after losing a court challenge from *Impossible Foods*, will rename its *Garden of Eatin'* plant-based burger patty from *Incredible Burger* to *Sensational Burger*.

*Ipsos* research indicates 61% of consumers are delaying returning to stores & 62% will stop shopping at a store if health & safety is not being taken seriously. According to *Brick Meets Click* & *Mercatus*, June grocery pick-up & delivery rose 9% to \$7.2B, following leaps in April & May. Per *Magid*, 16% of consumers are making more online impulse purchases, with snack foods & frozen treats being the most popular. May research from *Quadrant Strategies* shows that 63% consumers do not recognize sugar substitutes as sweetening ingredients & 69% believe reduced or no-sugar products are lower-calorie. In the *IFIC 2020 Food & Health survey*, 74% of consumers are trying to limit or avoid sugars, down from 80% a year ago. About 60% are drinking water instead of caloric beverages, 40% are limiting certain foods & beverages, 30% are choosing reduced-sugar foods & 20% are switching from full calorie beverages to low/no calorie options. Per *GlobalData*, 71% of consumers find plant-based claims somewhat or very appealing, compared to 42% for meat-free & 39% for vegan claims. Per the *Specialty Food Association*, specialty food sales increased 10.7% from 2017 to hit \$158.4B in 2019, with refrigerated plant-based meats the fastest growing segment. The USDA is forecasting food prices to rise 3% in the next year on higher demand for beef, pork, chicken & fish. From several studies, Vitamin K & K2 are helpful in fighting COVID, along with Vitamin D (sunshine included) & zinc. A study in the *Journal of Dietary Supplements* found that only 2 of 24 hemp products met label claims for THC & other ingredients.

**MARKET NEWS:** Positive testing news for *Gilead Sciences*' treatment drove markets higher with the Nasdaq reaching a record close. First time jobless claims were lower than expected.

**SEEDS, SPROUTS, GROW, HARVEST!**

**THE LITCHFIELD FUND** – *Tom Malenjo*

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